

## The President's Daily Brief

May 13, 1976
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Top Secret<sup>25</sup>X1

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## FOR THE PRESIDENT ONLY



LEBANON: Efforts to establish a cease-fire in the mountains of central Lebanon failed again yesterday as Christian forces battled for the fifth straight day to recapture leftist-held territory. The leftists have retaliated by gradually escalating the fighting in disputed areas of Beirut.

The Christians have made no significant advances in the mountains and yesterday engaged in only light artillery exchanges with leftist militiamen. Although they have little hope of overcoming their adversaries, Christian leaders apparently refuse to allow Syrian-controlled Palestine Liberation Army troops to enter their territory to create a buffer zone.

a new cease-fire may have been established late yester-25X1 day in Tripoli, where Syrian regu-25X1 lar forces have been battling with Iraqi-sponsored Lebanese and Palestinian groups. Reinforcements from Syria crossed into northern Lebanon on Tuesday and may have 25X1 overwhelmed the pro-Iraqi fighters.

The total number of Syrian troops in Lebanon stands at over 5,000 men.

On the political front, Interior Minister Shamun added to escalating tensions in Beirut yesterday by "speculating" that President Franjiyah would not resign until security is fully restored. Shamun also issued an ominous warning of Christian reprisals if his nephew, who was kidnaped on April 30, is not released unharmed.

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Most Lebanese believe Shamun's nephew has been murdered and are afraid that the Christians may set off a cycle of atrocities similar to those of last December, which plunged the country into full- 25X1 scale warfare.

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FRANCE:

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25X1 the French President is working to turn back serious challenges to his leadership at home. His difficulties came to a head in March when the Socialist-Communist alliance--led by strong Socialist gains--emerged victorious from local elections. The left's strong performance has raised the possibility that it might gain a major-ity in the legislative election that must be held no later than March 1978. All French political activity is now aimed at influencing that 25X1 election.

In addition, the President's personal popularity, according to opinion polls, has fallen below 50 percent, and criticism of his leadership capabilities has increased. Much focuses on his handling of the nation's economic

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difficulties--the worst since the war--an issue the left is exploiting.

Giscard has worked hard to turn the economy around, and his efforts finally appear to be having some effect. Although inflation will probably continue to run at about 10 percent and the trade deficit seems destined to continue, unemployment should be reduced substantially, and output could be well above the previous peak by the time voters go to the polls in 1978.

## NOTES

The Portuguese army chief of staff, General Ramalho Eanes, has emerged as the clear front-runner in the presidential election on June 27, following Socialist Party leader Mario Soares' endorsement yesterday.

Eanes is assured of the backing of the three major democratic parties as well as most of the military, but he may yet face a stiff challenge from left-leaning Prime Minister Azevedo. Eanes still has not declared himself a candidate, but he is expected to make a formal announcement by this weekend.

In announcing his endorsement of Eanes, Soares said that the Socialists still intend to form a minor 25X1 ity government.

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